

JICA's WORLD

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ASEAN

Connecting to the Future

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The ASEAN region is an increasingly vital hub in the global economy, connecting Japan and the Pacific region to India and other growth centers to the west. Japan has played an active role in cooperation with Southeast Asia for nearly 60 years, and continues to help to build ties with ASEAN's members—and connections to a shared future.

In 2013 Japan celebrates the fortieth anniversary of its partnership with the Association of Southeast Asian Nations (ASEAN). But the history of this partnership goes back well before 1973, when the first dialogue took place with the then five members of ASEAN at a forum on synthetic rubber, and even before 1967, when ASEAN was launched.

It was in 1954 that Japan reintegrated itself into the international community with its first development assistance in the postwar era. In October that year, having joined the Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific, Japan signed its Treaty of Peace with Burma (now Myanmar) and the Agreement on Reparations and Economic Cooperation, opening the way to a string of agreements with countries including the Philippines, Indonesia, and Viet Nam.

Built on almost 60 years of history, Japan's ties to Southeast Asia are today "sound, dynamic, and thriving," in the words of JICA President Akihiko Tanaka. But as he also notes, the milestone years that Japan and ASEAN mark this decade are not merely times to reflect on past accomplishments, but times to look toward the future together.

THE INFRASTRUCTURE ASEAN NEEDS

Since its launch in 1967 with five initial members, ASEAN has expanded over the

years to become a 10-nation group. Culturally and economically diverse, it is home to some of the world's fastest-growing economies as well as to developing nations emerging on the middle-income stage. JICA has been a partner to the region ever since its foundation in 1974, and today is making some of its most innovative moves in Southeast Asia.

Official Development Assistance is often viewed in terms of major spending on physical infrastructure. And Japan has indeed been a key player in ASEAN in this sense, providing more than a third of all global assistance to the region since 1960. To support economic activity in this dynamic part of the world, JICA is cooperating, for example, in the development of port facilities at dozens of locations and the establishment of a roll-on/roll-off (RoRo) shipping network to connect continental and archipelagic Southeast Asia in a "Maritime ASEAN Economic Corridor." In the Mekong region, JICA is supporting road construction to create economic corridors across Indochina, from Viet Nam in the east to Myanmar in the west.

AN ARENA FOR DIVERSE APPROACHES

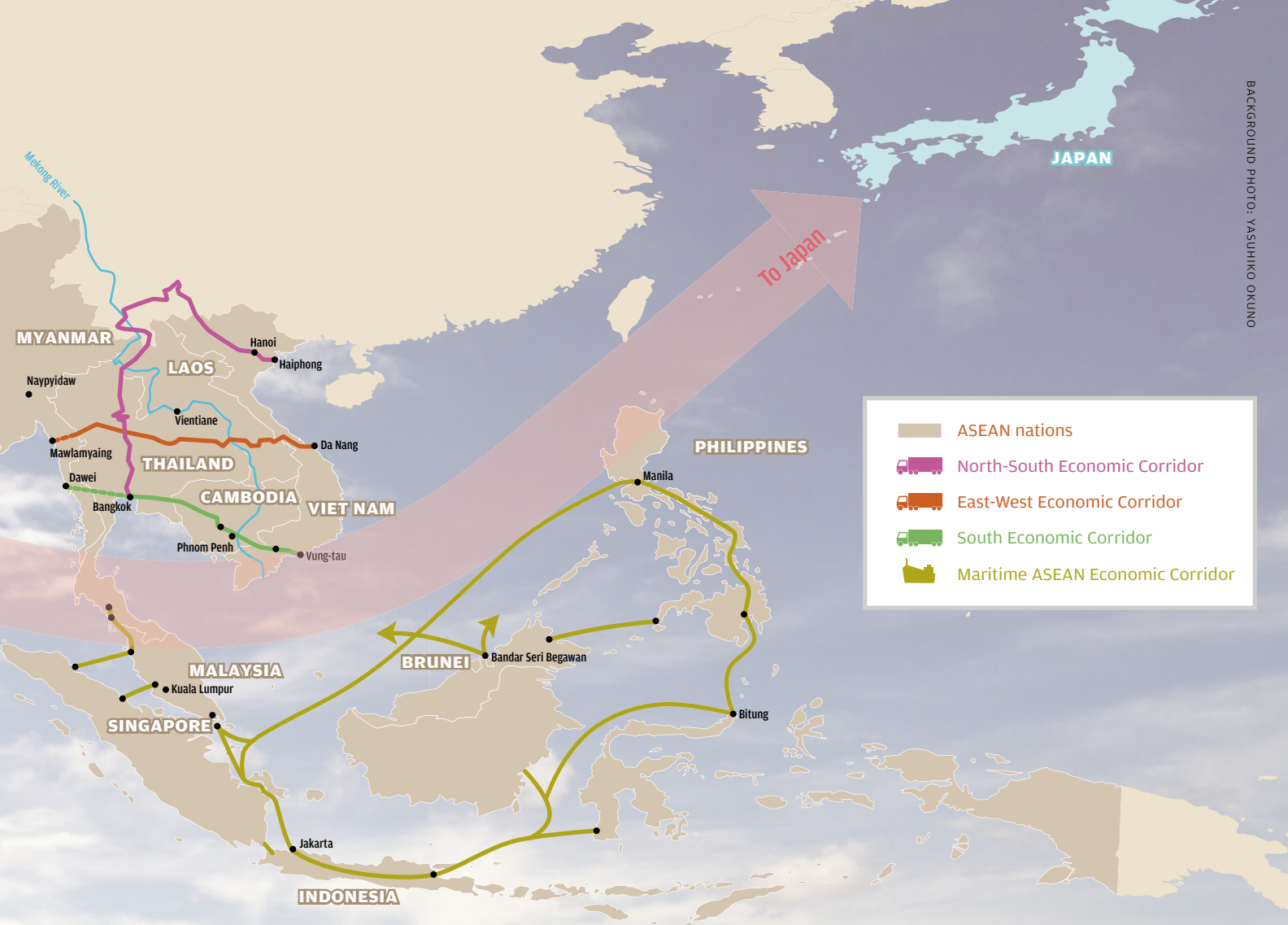
But nations' needs go beyond physical infrastructure. To fulfill its mission, JICA seeks to differentiate its assistance and tailor it to the complex needs of recipients.

In ASEAN, JICA has found the perfect place to implement approaches that resolve a broader range of issues. The assistance comes not only from government

sources, but from academia and industry, too. With programs like SATREPS, the Science and Technology Research Partnership for Sustainable Development, JICA promotes joint research targeting global issues. Japanese and Southeast Asian researchers come together to tackle everything from communicable diseases to disaster response, contributing knowledge that can be applied to other fields and in other regions of the world. To date SATREPS has launched 79 research projects in 39 countries worldwide, with more than half taking place in Asia.

Another important aim is to build human capacity in the partner countries. Toward this end JICA created SEED-Net, the Southeast Asia Engineering Education Development Network. A subnetwork of the ASEAN University Network (AUN), SEED-Net ties 14 supporting universities in Japan to 26 institutions of higher learning throughout Southeast Asia, providing opportunities to bright young scholars to further their studies in Japan. Since AUN/SEED-Net's launch in 2001, hundreds of Southeast Asian researchers have taken part, earning advanced degrees and broadening networks in Japan and throughout the region.

ASEAN members' diverse needs go be-



yond “hard” infrastructure to include “soft” systems in sectors like education and finance. In Myanmar, JICA is managing a project involving cooperation by diverse actors on the donor side—including private Japanese banks, government organs, and the Tokyo Stock Exchange—with the aim of modernizing the nation’s financial systems. ASEAN will form a unified market in 2015, and its developing members are working hard to prepare for integration. Having learned while growing from poverty to highly developed status, Japan has much to offer in the system architecture, networks, and complex knowledge that underpin a modern society.

CONNECTING PEOPLE WITH PEOPLE

Human ties are vital to all of these projects. Many of today’s Southeast Asian leaders came to Japan in their youth and carried out their studies with Japanese governmental assistance. Today they stand at the forefront of the people-to-people connectivity that characterizes JICA-ASEAN ties, and the region is well positioned to work together with Japan to build a brighter future.

What form of relationship are we work-

ing to construct? Straightforward monetary assistance is no longer urgently needed by many ASEAN members, which can issue attractive bonds to get the funding they need. The region has enjoyed rapid economic growth, particularly since the end of the Asian financial crisis touched off in 1997. Today ASEAN is a key global production center, with manufacturers concentrated heavily in the Bangkok-Jakarta corridor, as well as a major global consumer market with a burgeoning middle class. Many ASEAN members are now emerging donors in their own right, with wealth and technical expertise to offer to developing economies around the world. ASEAN is an increasingly vital hub connecting the Indian Ocean region with the Asia-Pacific, and global interest in Southeast Asia, on both the public- and private-sector levels, is on the rise.

Japan’s philosophy today is one of facilitating win-win ties. JICA focuses its assets on projects that benefit the partners and Japan alike, as well as on the crafting of human networks among the leaders of the future. When Prime Minister Takeo Fukuda announced the Fukuda Doctrine in 1977, pledging that a peaceful Japan would stand as an equal partner with the nations of Southeast Asia, it signaled a

new era of cooperative ties. In 1982 Malaysian Prime Minister Mahathir Mohamad announced the “Look East” policy, directing his nation to learn from Japan’s experience. Japan remains dedicated to sharing that experience with ASEAN.

JICA’s focus is also shifting increasingly toward assistance solutions tailored to both existing and emerging needs. Japan is a forerunner in dealing with a falling birthrate and the graying of its population, issues that will one day affect many more societies. JICA is already offering Japanese insight in places like Thailand, where work is proceeding in a project to prepare Thai society for the demographic challenges that accompany rising incomes.

Over the last decade Japan has deeply rethought its approach to ODA. Today JICA offers a full spectrum of assistance, targeting infrastructure, trade, financial and economic systems, education, and more with comprehensive approaches bringing together academia, local governments in Japan, specialists with vital knowledge, and businesses both large and small. In a region as vibrant and diverse as ASEAN, these connections will be the most effective as the partners work toward their future together.

Constructed with a JICA loan, the medical faculty provides a beautiful environment for learning.



Improving Primary Healthcare in Rural Indonesia

Since recovering from the fiscal crisis of the late 1990s, Indonesia has reemerged as a middle-income country according to World Bank benchmarks. With growth rates of over 6% forecast for 2013 and 2014, the economy continues to go from strength to strength. Despite this progress, problems remain. In public health, the country—which still suffers 307 deaths per 100,000 live births—may struggle to meet the United Nations Millennium Development Goal on infant mortality. Only 68% of the population has access to sanitation facilities. And there is a shortage of trained medical practitioners—particularly in regions far from the capital, Jakarta.

PROUDLY INDONESIAN AND ISLAMIC

Improving the quality of primary healthcare, particularly in rural areas, is a national priority. A JICA project to address these issues has been providing hard- and soft-side assistance to a new medical program at one of the country's leading universities.

Located on the southern edge of Jakarta's urban sprawl, the Syarif Hidayatullah State Islamic University (UIN) is one of Indonesia's leading centers of higher education. Originally founded in 1957 as the State Academy of Islamic Sciences, the institution became a full-fledged university in 2002. UIN is proud of the school's Islamic quality. But the dean, prominent Islamic scholar Dr. Komaruddin Hidayat, stresses that this does not impact the quality of the school's scientific training. "Our dream is

to unite the Islamic side with a science-based curriculum. Our aim is the integration, not the separation, of science and religion."

The JICA project consists of a yen loan with two components. The first funded construction of a new Faculty of Medicine and Health Sciences with four departments specializing in medicine, nursing, public health, and pharmacy. The second provides scholarships for advanced-level study at Japanese universities.

The new faculty building, which opened in 2010, is oriented toward Mecca, and the nine pillars that support the central staircase represent the nine sages who brought Islam to Indonesia. Upstairs, classrooms are named for the attributes of God and decorated with Arabic calligraphy. A poster showing Avicenna and other famous Islamic scientists inspires students with the inscription: "You could be the next great Muslim doctor!"

The mission of the new faculty is to provide a medical education for students from the Islamic education system. Many of the students come from traditional madrasas and *pesantren*, Islamic board-



Trainees practice their healthcare techniques as the instructors look on.

ing schools in rural districts that provide education particularly to children from poor backgrounds. The hope is that many of these students will return to their communities after graduation, thus improving the quality of primary healthcare in the regions.

The faculty attracts students from all over the country, from Aceh in Sumatra to West Papua on the island of New Guinea, many of them on scholarships. “We play an important role in terms of mobilizing rural elements of the country,” says Dr. Makruf Jamhari, the university’s vice rector for institutional development and international cooperation. “This helps to integrate students into the nation, as Muslims and as Indonesians.”

LEARNING FROM JAPAN

Dr. Jamhari says study abroad has been a vital part of the university’s programs since its inception. “Traditionally, the dream for people educated in the Islamic system was to continue your education in the Middle East. But we have deliberately sent our people to non-Muslim countries, to expose them to different styles of learning and different experiences. Japanese universities excel at research. Japan has also succeeded in modernizing society without losing sight of its traditional values. This is an inspiration for us: a lesson that we can develop without losing our Muslim identity.”

The JICA-funded scholarship program has had a huge impact, Dr. Jamhari says. “The experience of studying in Japan has imparted a good academic culture to our students and faculty. Many of our faculty have been able to spend time in Japanese universities, most of them for PhDs. A staff enhancement program has also taught our administrative staff how a good university should be run. Post-doc fellowships allow scholars to continue their collaborations with Japanese professors and colleagues after they return to Indonesia. The quality of our programs has definitely improved as a result.”

Dr. M. K. Tadjudin, the dean of the new faculty, has been involved in the project since the idea was first conceived more than a decade ago. “As an Islamic university, we are administered under the Ministry for Religious Affairs,” he explains. This ministry was created during the Japanese occupation of Indonesia, he notes, making for a connection in the minds of many Indonesian Muslims between their faith and that period in their country’s history. “Many Muslims have a positive memory of the Japanese presence because of this. We wanted to take that connection and build on it. The JICA project marks the friendship between Japan and Indonesia in that respect.”

A FOCUS ON COMMUNITY-BASED CARE

Dr. Tadjudin says one of the first priorities of his medical programs is to bring students who have been through the *pesantren* system up to speed.

“The general level of scientific and medical education is perhaps not as strong as in some of the secular schools,” he admits. But after a special matriculation course, the students achieve impressive results. The first batch of graduates, who moved on to their one-year internships in 2010, achieved an impressive 90% pass rate in national qualifying exams. “The top graduate in our first batch was a former *pesantren* student. She was a hafiz—someone who has memorized the entire Koran in Arabic.”

Vital to the department’s mission are two primary care clinics in the small communities of Buaran and Renijaya, a short drive from the campus. Built with funds left over from the same yen loan, these Research and Teaching Clinical Units provide free primary healthcare to local communities and also provide training and research opportunities for the faculty’s rural medicine mission.

One of the doctors overseeing the clinics is Dr. Risahmawati, who recently returned from four years at Saga University in Kyushu, where she com-



Dr. Risahmawati and Dr. Marita Fadhilah earned PhDs in Japan before joining the UIN faculty.

pleted a PhD in community medicine. “This is a low- to middle-income community,” she says. “We are the first clinic in the area to provide primary healthcare. And, importantly, it’s free. The situation in Indonesia is quite different from Japan. One of the things that impressed me in Japan was that even people living high up in the mountains or in remote villages are covered by national health insurance. In Indonesia we still face problems with infectious diseases like tuberculosis that are now very rare in Japan.”

Dr. Tadjudin agrees that Japan’s example is something to aim toward. “We are starting to develop a social insurance system in Indonesia, but it’s early days. Here our focus is on primary healthcare. Many of the biggest problems we face in rural areas—infectious diseases, maternal and infant mortality, and so on—are not insurmountable. Improved sanitation and education can bring rapid and major improvements in these areas.” With JICA’s support, UIN’s pioneering effort to improve the quality of healthcare at the grassroots level carries the promise of a brighter future for Indonesia’s rural communities.

An AUN/SEED-Net seminar on disaster prevention measures. Japan and ASEAN, both prone to frequent natural disasters, have much to learn by sharing their experiences.



AUN/SEED-Net

Creating ASEAN-Japan Knowledge Networks for the Future

The Southeast Asia Engineering Education Development Network (SEED-Net) Project began in 2001. Its roots lie in Japan's initiatives to help the region bounce back from the financial crisis touched off in 1997. The Japanese Government supports SEED-Net through JICA, which works for the project's vision of sustainable development for Southeast Asia and Japan through the development of highly skilled human resources in the engineering field.

Following a two-year preparatory stage ending in 2002, SEED-Net was formally launched in the first of three 5-year phases implemented so far. Today the program brings together 26 leading institutions of higher learning from all 10 ASEAN countries and 14 supporting universities in Japan. An autonomous subnetwork of the ASEAN University Network (AUN), SEED-Net has two core missions: to nurture internationally competitive engineering personnel and to enhance the quality of engineering education and research at the schools. These missions involve the creation of networks at

the personal level, among Southeast Asian and Japanese researchers who work together, and at the institutional level.

Dr. Chitoshi Miki, who leads AUN/SEED-Net on the Japan side as the Secretariat's chief advisor, describes the program as an effective way to build cooperative ties with a human touch between ASEAN and Japan. Promising Southeast Asian researchers come to Japan with JICA support. The participating Japanese universities provide advanced facilities and fertile intellectual environments for these engineers to further their knowledge. As of May 2013, a total of 573 Southeast Asian scholars had earned master's or doctorate degrees at schools in ASEAN and Japan. Many of them are now active at universities throughout the region, sharing what they have learned with the next generations.

TACKLING REGIONWIDE CHALLENGES

Bandung Institute of Technology (ITB) is one of four Indonesian universities taking part in the program. Major areas of study include the core engineering fields of manufacturing and industry, but Phase II of SEED-Net brought a fresh focus on interdisciplinary research on issues affecting the region as a whole. Dr. Andi Mahyuddin, the institute's program coordinator for SEED-Net, says that energy and the environment are likely to be the subjects with the biggest impact in years to come.

Dr. Iman Reksowardojo, head of the combustion engine and propulsion laboratory at ITB, is leading efforts to develop automobile and aviation engines that use biofuels to reduce CO₂ emissions and make more efficient use of ASEAN's rich natural resources. "ASEAN is growing fast, and we need to secure the energy to support that growth. We are not particularly rich in energy resources, but Southeast Asia has the potential to become the Middle East of biofuels."

In his work Dr. Iman draws on his own experi-

Through this program, Japan and ASEAN countries share technology and know-how and engage in joint research projects together.



ence in Japan—he earned his PhD from Hokkaido University, where he researched diesel engine technology and exhaust emission systems. Inside his lab, a dynamometer provided through AUN/SEED-Net is used to test a wide variety of biofuels, including fuels sourced from rambutan, coconut, rubber seed, and tapioca. Dr. Iman’s test engine can consume any kind of fuel—a big advantage in a scattered archipelago like Indonesia, where different resources are available in different regions.

This kind of research is already having a dramatic impact. One former AUN/SEED-Net researcher at Chulalongkorn University in Thailand recently won a \$25 million grant for a biofuels project. “In Thailand, this work has made a major contribution in terms of how the Thai government is implementing bioethanol policies,” says Dr. Iman. “These are real contributions that have been made by people who have studied as part of the AUN/SEED-Net program and continued their work back in their countries.”

NETWORKING TO GROW KNOWLEDGE

One of Dr. Iman’s students is Hong Duc Thong, a young lecturer from the Ho Chi Minh Technical University in Viet Nam who is currently completing his PhD at ITB after a stint at Hokkaido University—a triangular academic route common for AUN/SEED-Net. His dissertation aims to produce an airplane biofuel that works as effectively as conventional fuel while producing less CO₂. He is grateful that SEED-Net gave him the opportunity to hone his theories in Japan’s advanced academic environment.

Hong will present his results at the 6th AUN/

SEED-Net Regional Conference on Energy Engineering at ITB in early September. SEED-Net provides funding for researchers to attend and present papers at these gatherings. “We want to be able to address regional issues,” says Dr. Andi. “We have published hundreds of papers and organized conferences in many fields.” Since 2011 the *ASEAN Engineering Journal* has appeared twice a year with JICA support, providing a valuable publishing channel for ASEAN researchers. Dr. Iman says: “It is very important to show people the strong work being done in Southeast Asia.”

A BIG ROLE FOR JAPAN

Japanese academics also play important parts in the SEED-Net approach. Collaborative research activities are a growing part of the program, and some of the most successful studies so far have been those pairing young Southeast Asian researchers with research partners and advisors from Japanese universities. JICA does not support individual universities through SEED-Net so much as it seeks to forge networks of multiple schools. One way to accomplish this is to get Japan’s leading engineering teachers into the field, forming connections with researchers throughout the region.

An impressive network of academic contacts now links young graduates in the field throughout ASEAN with their counterparts in Japan and the wider Pacific region. Back at ITB, Dr. Andi states: “There are more opportunities now. Many of our graduates are going on to do advanced degrees, and around 30 percent of them end up working for multinationals. Our greatest hope is to see this network sustained into the future.”



AUN/SEED-Net brings together a talented international team to work with Dr. Iman Reksowardojo on biofuels.

The View from Japan

A Border-Hopping Research Experience

Many SEED-Net participants are true globe-trotters, hailing from one Southeast Asian country, doing graduate work in another ASEAN member state, and also attending school in Japan with JICA’s support. In its first decade of activity, JICA funding helped SEED-Net provide 795 scholarships and produce 514 graduates, including 135 PhD earners.

One scholarship recipient now working toward her PhD in Japan is Touch Samphors, a young Cambodian researcher at the Tokyo Institute of Technology (Tokyo Tech), an active SEED-Net participant on the Japan side.

After getting her undergraduate degree in Cambodia, she took advantage of AUN to head to Thailand, where she earned a master’s degree in civil engineering at Chulalongkorn University. There a Japanese professor dispatched as part of SEED-Net helped her to propose a research area and apply for the PhD program in Japan. At Tokyo Tech, she is drawing on the stimulating academic environment to take her work to the next level. “SEED-Net has been very good for me as a way to

meet people from around the world while I gain high-level knowledge and travel widely for my conferences,” she smiles.

JICA funding covers the costs of participation in one regional conference, in addition to expenses in Japan. “There are regional conferences for each different major. For civil engineering, the next one will take place in November in Thailand, and I’ll present my master’s thesis there.” Touch is active in Japan as well, having presented a paper at the Japan Geotechnical Society conference. SEED-Net goes beyond simply bringing people to Japanese laboratories with its strong focus on real-world networking.

JICA is expanding its support for collaborative and post-doctoral research in Phase III of AUN/SEED-Net. Touch hopes to continue being a part of this network once she becomes a lecturer herself—one with valuable connections throughout the region.



Touch works on data analysis with her fellow SEED-Net researchers.

Supporting ASEAN Nations Through Joint Research

REAL-WORLD APPLICATIONS, REAL RESULTS

Building global networks of scientists and researchers is one role JICA takes on in its human-resource-focused activities. Since 2008 JICA has been conducting joint research with developing nations in the Science and Technology Research Partnership for Sustainable Development (SATREPS). On the Japan side, JICA works with the Japan Science and Technology Agency (JST), one of the nation's core institutions responsible for the implementation of science and technology policy.

The SATREPS program is focused firmly on the needs of developing countries. To date it has implemented a total of 78 projects in 39 countries in the areas of environment and energy, bioresources, natural disaster countermeasures, and infectious disease control. The program aims to address these global issues and produce research outcomes that will benefit both local and global communities.

SATREPS projects, which can last up to five years, are based on partnerships between researchers in Japan and developing countries. JICA expects these projects to produce results with the potential for practical application, as well as to enhance research capacity in developing countries.

ASEAN has been a region of focus for JICA and JST in pursuing a broad range of SATREPS projects. In the area of disaster prevention, for instance, a project in Indonesia investigated comprehensive hazard reduction in that seismically active country. In the three-year project ended last year, nearly 250 researchers from Japan and Indonesia pooled their knowledge to mitigate the impact of disasters caused by earthquakes, tsunamis, and volcanic eruptions.

A FIGHTING CHANCE AGAINST DENGUE

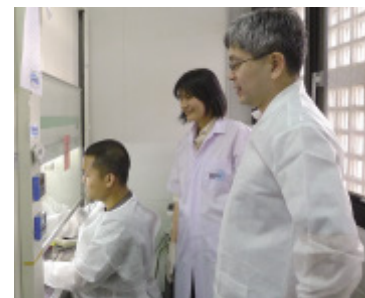
One project in the area of infectious disease control that shows considerable potential is a Japanese-Thai joint study on dengue fever that started in 2009. Led by Professor Kazuyoshi Ikuta of Osaka University, this research has resulted in the development of antibodies that could pave the way for new medicines to treat the illness, thus improving quality of life for people in the tropical areas where it is common.

The World Health Organization estimates that dengue fever infects 50 million–100 million people worldwide every year, placing a tremendous burden on healthcare and economic systems. Nonetheless, there are no effective measures to prevent or treat the mosquito-borne disease, which is regarded as a

neglected tropical illness, having received relatively little attention from affluent members of the international community.

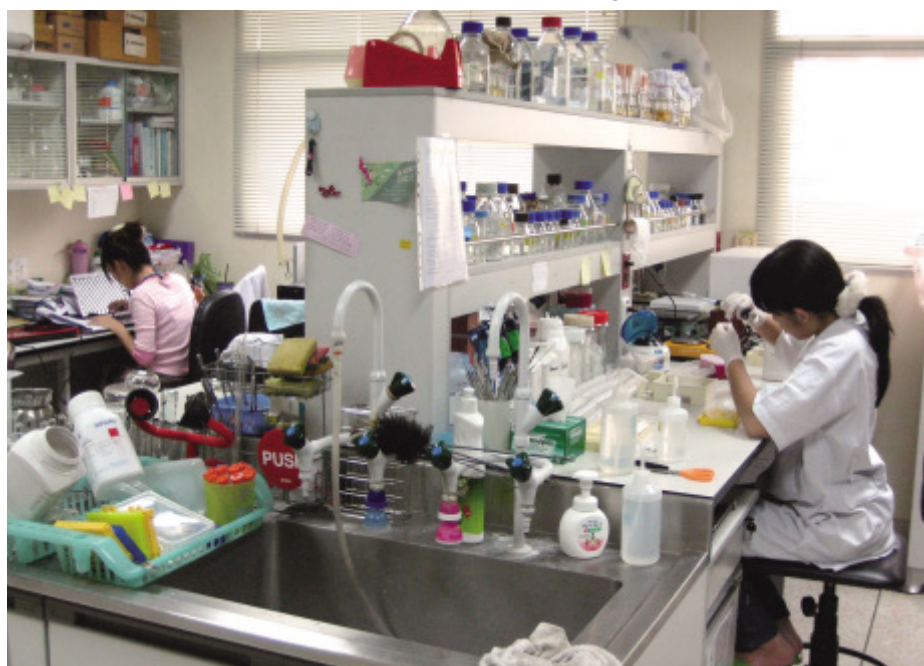
The four-year Japanese-Thai joint study involved international teamwork among government, the private sector, and academia. This cross-sectoral approach is one hallmark of JICA's approach in its SATREPS activities. In Japan, Osaka University was joined by Medical & Biological Laboratories Co., based in Nagoya; their Thai partners were the National Institute of Health and Mahidol University. One of the focuses of the research, to which JICA and JST contributed a total of ¥570 million, was to develop monoclonal antibodies effective against the dengue virus from hybridomas prepared with blood cells of Thai dengue patients. There was no shortage of donors: On average, Thailand had more than 60,000 cases of dengue fever every year between 2004 and 2010, and it has experienced a major outbreak of the epidemic this year.

The research team held a briefing session in Bangkok in June 2013 for pharmaceutical firms on the results of the four-year project before wrapping up their activities in July. Professor Ikuta noted that an Indian pharmaceutical firm has already expressed interest in developing anti-dengue medicine based on the project outcome. He added that if everything goes smoothly, a drug to effectively treat dengue fever could be developed in five to six years.



A Japanese researcher works with Thai scientists to create a treatment.

Mahidol University researchers tackle the task of developing antibodies to fight dengue fever.



Modernizing Myanmar's Financial Sector:

An All-Japan Team Steps Up

MOVING FROM CASH TO ELECTRONIC PAYMENTS

In March 2011 Myanmar inaugurated a new administration, with former Prime Minister Thein Sein as president. Since then the country has set off on a new path of nation building, undertaking reforms at a rapid clip to move toward democracy and a market economy. Among the many reforms underway, one of the most important keys to spurring economic activity is reforming Myanmar's lagging financial sector. JICA is part of an "all-Japan team" of assistance, finance, and capacity-development actors helping to realize these reforms.

At the banks in Yangon (formerly Rangoon), the economic hub of Myanmar, one sees sights from a past era of banking—large stacks of bills piled up on the counters at teller windows. Credit cards remain relatively uncommon in Myanmar, where it's said that paying for a major purchase can mean filling a truck with cash.

The majority of Myanmar people do not have bank accounts. Banks manage accounts using paper ledgers, confirming account balances and making entries by hand. For customers looking to withdraw money, the process can sometimes take several hours. This inefficiency impacts business and everyday activities alike.

Myanmar has 4 state-owned and 19 private-sector banks (including semi-private banks). The major banks affiliated with conglomerates have their own automated teller machines, but these can only be used to withdraw cash. The central bank does not effectively serve as a hub linking the private-sector banks. As the shift to a market economy progresses, domestic companies' demand for funds increases, and investment by foreign companies picks up, it will be essential to shift from cash to electronic transactions and from manual to automated processing.

Markets in the region are to be unified under ASEAN in 2015. Myanmar has pledged to participate in this ASEAN Economic Community, and it urgently needs to upgrade its financial system to bring it into line with those of the other members. At the same time it is working to set up a stock exchange and establish capital markets.

A COMPREHENSIVE APPROACH BUILT ON PUBLIC-PRIVATE PARTNERSHIPS

JICA organized a joint mission to Myanmar in November 2012 to have further comprehensive discussion of finance sector reform planning. The mis-



PHOTO: MIKA TANIMOTO

sion comprised public- and private-sector finance authorities including representatives of the Ministry of Finance, Financial Services Agency, Bank of Japan, Japanese Federation of Bankers Associations, the Japan Exchange Group, several private firms, and JICA.


A series of meetings were held to build mutual understanding and address the concerns and expectations of the Myanmar side; participants exchanged questions and opinions on everything from finance policy to ODA schemes. Following up on the meetings, Myanmar's Deputy Finance Minister visited Japan in February 2013 to observe the Japanese financial sector and to attend discussions with Japanese authorities, continuing the multifaceted policy dialogue.

Japan's approach goes beyond just dialogue. Japan provides both public- and private-sector assistance to reform Myanmar's financial sector. To develop the country's capital markets, the Policy Research Institute of the Japanese Ministry of Finance is supporting the creation of regulations on securities exchange; meanwhile, the Japan Exchange Group and Daiwa Institute of Research are helping to build a stock exchange. Japanese finance experts are addressing the many challenges ahead for Myanmar in its financial sector. JICA's role is to assist these efforts by furnishing related training and other support in the securities and banking sector.

JICA will continue to promote policy dialogue and work in Myanmar to provide reliable and consistent support through public-private partnerships.

Much of Myanmar's banking is still done by hand, but work is underway to change this.

History of Japan's ODA Ties with ASEAN



While Japan today is known as a stable, reliable provider of Official Development Assistance, the origins of the country's ODA lie in the tumult of the immediate postwar period. Japan rejoined the community of nations with the 1951 signing of the San Francisco Peace Treaty. In the years that followed, it launched its international cooperation efforts in tandem with the payment of reparations.

The early history of Japanese ODA was in a real sense the history of its formation of ties with Southeast Asia. It began making reparations to four countries, Burma (now Myanmar), the Philippines, Indonesia, and Viet Nam (then South Vietnam), and offering grants-in-aid to countries including Laos, Cambodia, Malaysia, and Singapore.

In 1954 Japan further integrated its cooperation into an international framework when it joined the Colombo Plan, an organization formed after World War II to promote the development of countries in the Asia-Pacific region. In the following year the Japanese Government commenced technical cooperation, hosting trainees and dispatching specialists. The targeting of Asian countries with close ties to Japan – many of which would go on to be members of ASEAN – became the basis for a long-lasting focus on Asia in later ODA activities.

Not all was rosy. In the 1970s the wave of Japanese business activity in Southeast Asia caused a growing backlash, as seen in the large anti-Japanese demonstrations that occurred in Indonesia and Thailand in 1974. To assuage regional concerns, during a visit to Manila in 1977 Prime Minister Takeo Fukuda announced the Fukuda Doctrine, a pledge that Japan would deal with ASEAN members as equal partners. The efforts to improve relations bore fruit, with Japan becoming the association's first "dialogue partner" and the first participant in regular summit meetings with its leaders. In recent decades the countries of ASEAN have enjoyed rapid economic growth, becoming invaluable economic partners for Japan.

Prime Minister Takeo Fukuda visits Southeast Asia in 1977. (PHOTO: MAINICHI SHIMBUN/PANA)

JAPAN and ASEAN by the Numbers

Japan has accepted

170,000 trainees

from ASEAN countries

from the start of the program through the 2011 fiscal year. In turn, JICA has dispatched a cumulative total of some 48,000 experts to the region's countries.



For

59 years

Japan has offered assistance to Southeast Asia.

These efforts began in 1954, when Japan signed a peace treaty and agreements concerning war reparations and economic assistance with Myanmar (then Burma). The cooperative relationship predates the creation of ASEAN itself in 1967.



Japan helped build

facilities providing

of Indonesia's hydro power.

61.5%

JICA has contributed to infrastructure development throughout ASEAN countries, including airports, railways, and port facilities, as well as power generation.



Japan provided

34.9%

of global ODA to ASEAN

during the period from 1960 through 2011. Japan is a key partner for the people of Southeast Asia.



1954

Japan joins the Colombo Plan; Program to Receive Trainees in Japan is launched.

1965

The Japan Overseas Cooperation Volunteers (JOCV) dispatch program is launched, with its first set of young volunteers going to Laos.

1967

ASEAN is founded with its five original members; the number will double over the next 32 years.



AFP/Jiji

1977

Prime Minister Takeo Fukuda announces the Fukuda Doctrine, defining Japan and ASEAN as equal partners working toward a shared future.

1982

JICA program launched to build capacity-development training centers in ASEAN countries.

1994

Following a Japanese proposal to create a regional venue for security dialogue, the ASEAN Regional Forum (ARF) is launched, bringing together foreign ministers from ASEAN and other participants around the world.

2004

After the Sumatra quake and Indian Ocean tsunami, JICA dispatches Japan Disaster Relief teams to the affected region.



2013

Japan and ASEAN mark the 40th anniversary of formal relations. Japan will host the ASEAN-Japan Commemorative Summit in December.

JICA and ASEAN: Ready for the Challenges Ahead

JICA President Akihiko Tanaka



PHOTO: SHINICHI KUNO

gions where we work, and our approach must be comprehensive. We provide encouragement to the middle-income countries to resolve challenges that they are facing, at the same time paying attention to the needs of the countries working to get out of least-developed status and to the issues of human security.

As the region prepares to create the ASEAN Economic Community in 2015, Japan's efforts should be aligned with ASEAN's vision of community building. One pillar of this is "ASEAN connectivity"—in the physical sense as well as the "soft" side of people-to-people connections.

Southeast Asia is both a showcase for JICA activities and an experimental laboratory to try innovative approaches. Our efforts in Myanmar, for example, are increasingly based on our successful efforts in other countries. This year saw the launch of a project in Thailand to face the challenges of an aging society. Following successful development, some Asian countries are facing a situation similar to that in Japan and Korea. For Thailand to go beyond the middle-income stage and achieve more harmonious societal

development, joint Thai-Japanese efforts may be useful, while also providing lessons for Japan to apply at home.

Building "Heart-to-Heart" Ties

Japan has a lengthy history of relations with ASEAN, and today our ties with the region are sound, dynamic, and thriving. When Japan first became a partner to ASEAN in 1973, however, this was not necessarily the case. One year later, Prime Minister Kakuei Tanaka visited Jakarta and Bangkok, only to be confronted by anti-Japanese demonstrations that shocked Japan. In 1977, Prime Minister Takeo Fukuda expressed Japan's determination to become a more cooperative partner with ASEAN, increasing its economic assistance as well as its human exchange through relations based on "heart-to-heart understanding."

Our shared experiences since then have been very positive for both sides. Today Malaysia and Thailand are joining the ranks of middle-income countries, and Indonesia and the Philippines are also seeing strong economic growth. At the same time, though, Laos and Cambodia have yet to overcome the challenge of poverty reduction, and with its recent democratization, Myanmar faces many developmental issues. JICA's activities in the region must be adaptable to this diversity. Some of our experiences with the older ASEAN members can be useful in the development of the newer members.

A Region of Diverse Challenges

The JICA approach to ASEAN is well suited to differences. Southeast Asia continues to be one of the most important re-

A Springboard for Global Development

Based on our experience here, we can expand our activities throughout Southeast Asia, to the Middle East, and to Africa. And many successful ASEAN countries are themselves extending cooperative activities elsewhere. JICA is energized by its work with these emerging donors in international cooperation within the region and around the globe.

The development of Southeast Asia, an economic hub connecting and integrating the Pacific and Indian Oceans, is deeply related to Japan's national interest. As a comprehensive development institution, what JICA can do is to reduce bottlenecks that could hinder sound development in these regions. In this connection, we have many new areas of cooperation between Japan and Southeast Asia thanks to the robust human connections cultivated over our decades of partnership.

This year marks the 40th anniversary of relations between Japan and ASEAN, and next year is the 60th since Japan began its cooperation with the region. And in 2015 ASEAN will form its economic community. Milestones are useful junctures to reflect on past achievements and to reconfirm the challenges ahead. But international cooperation is a continuous effort. JICA is committed to refining its approaches and pursuing improvements in support for ASEAN—and thus the world.

A Strong History to Build On

ASEAN Secretary-General Le Luong Minh



A Partnership with Room to Grow

Since the establishment of informal dialogue relations four decades ago in 1973, cooperation between ASEAN and Japan has broadened and deepened, covering political and security, economic and financial, and social and cultural areas.

In addition to continuing to support efforts to narrow the development gaps in ASEAN and the implementation of the Master Plan on ASEAN Connectivity, I believe both ASEAN and Japan could cooperate in addressing a range of transnational issues such as environmental degradation, maritime safety and piracy, drug trafficking, infectious diseases, and terrorism, as well as examining other areas for cooperation such as transport infrastructure, customs procedures, and road regulations.

Support in All Sectors

Southeast Asia has historical and growing links with both South Asia and East Asia. ASEAN established a number of mechanisms, such as the East Asia Summit and ASEAN Regional Forum, where countries of South Asia and East Asia interact, dialogue, and cooperate. Besides the Asia-Europe Meeting (ASEM), the Regional Comprehensive Economic Partnership (RCEP) to be established with ASEAN continuing to play a central role will also contribute to linking the countries of the two regions.

JICA's continued assistance to ASEAN through several projects, such as supporting the ASEAN University Network/Southeast Asia Engineering Education Development Network (AUN/SEED-Net) and completing the Feasibility Study on the Establishment of an ASEAN Roll-on/Roll-off

(RoRo) Shipping Network and Short Sea Shipping, is much appreciated.

Looking Forward to Milestones— and Beyond

The 40th anniversary of ASEAN-Japan Dialogue Relations this year is an opportunity for us to explore ways to enhance our longstanding ties and to expand our partnership in the coming decades. I look forward to the ASEAN-Japan Commemorative Summit this December, when the Leaders of ASEAN and Japan will meet in Tokyo to discuss a mid- to long-term vision for our relationship. We should convey the message that ASEAN is committed to continuing to work with Japan in realizing the full potential of our ties towards greater progress and development in the region.

During my term of office, ASEAN will reach two important milestones. By 2015 the ASEAN Community is to be established, and in 2017, ASEAN will celebrate 50 years of its existence. The ASEAN Community 2015 building efforts are on track and we are strategizing for the years beyond. As Secretary-General of ASEAN, I am entrusted with the demanding task of seeing through the implementation of ASEAN agreements and decisions, as well as reporting on ASEAN's work to the region's Leaders to assist them in sustaining their vision and aspirations for the community.

In discharging that mandate in the next five years, my highest priorities will be getting the Community established, laying a firm basis for ASEAN's continued and enhanced integration, maintaining ASEAN's centrality, strengthening the ASEAN Secretariat, and securing external support for these objectives.

This year is an opportunity for us to explore ways to enhance our longstanding ties and to expand our partnership in the coming decades.

A Partnership for the Future

Sri Mulyani Indrawati
Managing Director, The World Bank

Assistance as Part of a Bigger Whole

This year marks the 40th anniversary of ASEAN-Japan Friendship and Cooperation, and there is much to celebrate. Since the founding of ASEAN in 1967, Japan has been a strong partner for the organization and its founding members, and JICA has played a crucial role in this. Japan's trade, investment, and aid ties to ASEAN countries have spurred development throughout the region, and the partnership is set to strengthen in the future, with new markets like Myanmar opening up, ASEAN's continued rapid growth, and Japan's renewed attention to the potential of the region.

I believe the key strength of JICA's assistance is that it is part of a bigger whole, and it supports closer ties among the countries in trade and investment as well. Furthermore, linking closely to the countries' evolving priorities has been key to JICA's success, and stepping up to the plate in times of need—such as during the Asian financial crisis—has strengthened trust between ASEAN and Japan, which is a strong basis for future successful cooperation.

It is clear that Japan is a very important economic partner for ASEAN. After ASEAN itself, Japan is the largest destination for ASEAN's exports and the second-largest origin of ASEAN's imports after China. Foreign direct investment inflow from Japan to ASEAN reached its peak of almost \$20 billion in 2011, and Japan is the largest single-country investor in the region—only outpaced by the European Union, and larger than the United States and China. Japan has comprehensive economic partnership agreements with almost all ASEAN countries, and there is agreement to strive for more: the ASEAN-Japan Framework for Comprehensive Economic Partnership (AJCEP), originated in 2003 and ratified in 2009, aims to create a free-trade zone across borders of the 11 member countries with broad commitments on trade in goods, services, investment, rules of origins, dispute settlement, and economic cooperation. Negotiations for stronger commitments are to be concluded by 2015, when the ASEAN Economic Community will begin. Finally, Japan has been a key driver behind the Chiang Mai Initiative, which strengthens monetary cooperation among

the ASEAN+3 countries, with the potential to reduce volatility and financial risks.

A Key Development Player

I believe that a strength of Japan's official development assistance has been its complementary nature to growing economic ties. Development cooperation with ASEAN member states has been strong since Japan joined the Colombo Plan in 1954. According to the OECD, since 1960, grant aid to ASEAN countries had totaled \$24 billion, whereas technical assistance added up to \$13 billion and loan assistance to \$77 billion. Since 1973, 36% of bilateral ODA in ASEAN member states originated from Japan, and Indonesia, Viet Nam, and the Philippines have been the largest recipients. Japan accepted almost 170,000 trainees from ASEAN countries and dispatched some 48,000 experts to ASEAN countries over the years, a major factor in the region's development. In addition to this, Japan is a generous contributor to IDA, and most ASEAN countries have been beneficiaries of IDA in the course of their development. Finally, Japan is also a strong supporter of the ASEAN Secretariat.

Today, I think that JICA's vision of "Inclusive and Dynamic Development" suits ASEAN very well: the region has experienced dynamic growth since the recovery from the Asian financial crisis, and most countries are—or are well on their way to becoming—middle-income countries. Yet, devel-

opment challenges remain daunting: poverty is far from eradicated in most ASEAN countries, inequality is on the rise, and infrastructure, education systems, and investment climate issues are holding some countries back in their development. JICA is engaged in each of these areas in ASEAN, with particularly strong presence in infrastructure and human resource development. And Japan has been a leader in the development community on disaster risk management and climate change, areas of high relevance for ASEAN and growing in importance in terms of development funding from Japan. These are areas where I feel ASEAN has much to learn from Japan and further knowledge exchange would be most welcome.



TRENDS



Defining a Brighter Way Forward for the Future of Africa

PHOTO: SHINICHI KUNO



Hand in Hand with a More Dynamic Africa” was the theme of TICAD V, the fifth Tokyo International Conference on African Development, held in Yokohama on June 1-3, 2013.

In his speech presented at the opening ceremony, Prime Minister Shinzo Abe said that the relationship between Japan and Africa has transcended that of “good partners” to make the parties “comanagers” of the future, which he hoped would be a bright one. The Government of Japan pledged a total of ¥3.2 trillion in support for Africa, including approximately ¥1.4 trillion in Official Development Assistance, for the coming five years.

JICA's contributions during TICAD V included 19 public seminars on “inclusive and dynamic development in Africa.”

JICA will contribute to the strategic approaches adopted under the Yokohama Declaration 2013 and Yokohama Action Plan 2013-2017 by implementing a number of assistance packages.

These packages will include financial support totaling \$6.5 billion to accelerate physical infrastructure development. On the soft assistance side, they will focus on strengthening of human resources by training 30,000 African people for industrial development and improving the learning environment for 20 million African children through mathematics and science education, as well as primary school management.

They will also include increasing agricultural production and productivity, especially for rice cultivation, and promoting a “farming as business” approach for 50,000 small farmers.



Helping Japanese Business Take Root in Iraq



Since the conclusion of the 2003 Iraq war, the country has been aggressively courting both foreign and domestic investment by rehabilitating the national infrastructure and establishing investing regulations. Japan views Iraq as a promising developing market, and Japanese companies are well poised to enter it.

JICA jointly held a workshop on the business environment in Iraq in Tokyo on June 19 with the Japan Cooperation Center for the Middle East (JCCME) and JETRO. The workshop included JICA presentations on the findings of its study on the business environment in Iraq to identify challenges and explore possibilities for further assistance. The June workshop was the second such meeting on the study, which began in

The JICA-hosted workshop produced insight on getting Japanese business back to Iraq.

December 2012, following an interim report session in April. Iraq has a high opinion of the work done by Japanese people prior to the war and is eager for a quick return of Japanese businesses.

The high level of Japanese interest in Iraq was apparent at the workshop, with close to 100 representatives in attendance from a broad range of Japanese companies.

Against a backdrop of ongoing uncertainty about societal and governmental stability, overall foreign investment remains low, and Japan accounts for a scant 1%-2% of foreign business activity in Iraq. But JICA is committed to advancing the Iraqi business climate and to facilitating Japanese entry into the market. Mitigating business risks and the concerns they create will be decisive in developing Iraq's economic base and improving the environment for foreign investors, including Japanese firms.



Reconstruction and Development in Afghanistan



Over 30 years of conflict have left Afghanistan with damaged economic and social infrastructure and a serious talent exodus. JICA has engaged in numerous projects to bring stability to and build capacity in the country. One recent effort launched in 2011 is PEACE, the Project for the Promotion and Enhancement of the Afghan Capacity for Effective Development.

PEACE complements JICA's work in infrastructure, agriculture, and rural community development by addressing human resource capacity issues. The project seeks to bolster the abilities of administrators and university academics, empowering them in their vital roles for the future of the country. During its five years of

JICA President Akihiko Tanaka (with ribbon) poses with newly minted Afghan graduates.

operation, PEACE will offer as many as 500 people from Afghanistan the opportunity to do graduate-level studies in Japan.

Afghan participants in the program say their learning goes beyond the classroom. One who graduated in June this year says that Japanese people's sense of ownership of their nation is one thing he hopes to bring back home.

As of September 2013, 89 Afghans were studying at 25 universities throughout Japan on the program, and in June, PEACE celebrated its first graduates. In autumn 2013, 85 new graduate students are expected to arrive in Japan for the program's next year.

JICA hopes that the graduates of PEACE will contribute vigorously to reconstruction in Afghanistan, building needed capacity while they help to create bridges between their country and Japan.

Voices

F R O M T H E F I E L D

Dinur Krismasari

Senior Representative, JICA Indonesia Office



Dinur Krismasari joined JICA in 1995 after a spell in the Indonesian government center on land research and development. She is now one of five senior representatives in JICA Indonesia, where she dispatches people for training and seminars in Japan and coordinates JICA's efforts on South-South cooperation.

"JICA wants to promote Indonesian capacity so that Indonesia can play a more active international development role in the future," Dinur explains. "Indonesia and JICA collaborate in what we call triangular cooperation with third countries to build new partnerships."

This collaboration goes beyond infrastructure work, though. "We are looking to widen our involvement. We cooperate on the environment, agriculture, and education." The cooperation is also global in scope: "JICA Indonesia also works in Afghanistan and Palestine. Being involved in this triangular assistance with a Muslim country like Indonesia can help to complement JICA's activities in those countries. Japan's knowledge is something Indonesia can modify creatively and expand on."

After the 2004 Aceh tsunami, Japan was a major partner in rebuilding infrastructure and in NGO collaboration to promote community trauma healing. But Japan, too, can learn from Indonesian experiences.

"After the 2011 tsunami in Japan, we had an exchange program for sending people from Aceh to Fukushima and Sendai and vice versa. People in the areas affected by the disaster have similar experiences of trauma. And this opportunity to visit the disaster areas in Japan helped to motivate people from Aceh and had a positive impact on them. It was inspiring for people to realize that our neighbors have similar problems and that we can do something to support them."

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Cover: The Bangkok skyline: a powerful symbol of the dynamism on display throughout ASEAN as the region builds confidently toward shared prosperity and closer integration in the near future. (PHOTO: ATSUSHI SHIBUYA)



The Japan International Cooperation Agency (JICA) is the world's largest bilateral development organization, operating in some 150 countries to help some of the globe's most vulnerable people.